

# Projected Revenue Gains and (Losses) of LB 775 and LB 829 as amended for Tax Years 1987-2015 Projects by Fiscal Years\*\*

The estimates are based on a sample of 100 agreements and actual results of 296 projects from 1987 through 2000. Employment and investment flows are projected at rates indicated by the corresponding companies' applications. The analysis time frame considers future agreements signed through the year 2015 with a 95 percent success rate.

All other pertinent information as provided in the applications, such as salary levels and investment composition (not all property is treated equally in regard to tax preferences), is taken into consideration.

The classification of jobs into new economic jobs or existing jobs (jobs that would have been created regardless of the existence of the Employment and Investment Growth Act) is based on the company provided description of the project. The model estimates that 30 percent of the jobs created are true new economic jobs.

Credit used estimate is based on the assumption of maximized use for each year either against corporate income tax, individual income tax, or sales and use tax.

The time series analysis from 1987 to 2000 indicates that the usage of credits against sales and use taxes paid averages 45 percent of credits used. This usage factor was used for the future allocation of credits used. The liability analysis of the calendar year simulation model is converted into a fiscal year cash flow model.

The estimated profitability (individual and corporate income tax liability available for credit set-off) is based on the historical profitability of the respective companies.

The following is an estimate of new projects for the years 2001 through 2015.

Year	# of Agreements Signed	AVERAGE PER PROJECT*		
		\$ Million of Investment	Number of Employees	Salary Level
2001	25	53.9	126	24,240
2002	25	68.2	291	27,762
2003	20	28.1	299	25,468
2004	18	27.3	235	29,167
2005	17	50.9	204	26,757
2006	30	53.9	142	30,644
2007	20	49.5	126	28,111
2008	25	58.5	127	32,195
2009	40	50.1	291	29,535
2010	32	43.3	235	33,000
2011	28	37.2	135	36,439
2012	22	26.5	105	40,056
2013	20	33.6	95	39,067
2014	18	38.9	110	46,045
2015	31	53.9	230	38,200

\*The investment and employment levels represent the entire investment and employment associated with the project through the entitlement period (employment levels represent the employees qualifying for credits).

\*\* A detailed description of the model is available upon request.

(Methodology and Assumptions for LB 775 Benefit and Cost Estimate; Nebraska Department of Revenue, Finance and Research Division, August 1996.)

**PROJECTED REVENUE GAINS OR (LOSSES) OF LB 775 AND LB 829 AS AMENDED  
FOR TAX YEARS 1987-2015 BY FISCAL YEAR**

Fiscal Year		00/01	01/02	02/03	03/04	04/05	05/06
SUMMARY	Expansion: Sales and Use	65,844,258	69,981,739	73,655,078	77,137,901	80,056,831	82,552,709
	Corporate	6,840,954	7,293,810	7,732,391	8,127,812	8,492,275	8,799,081
	Individual	29,074,085	30,910,220	32,554,987	34,106,285	35,419,643	36,540,716
	Sales and Use Tax Refunds TPP	32,842,175	32,512,653	32,131,609	31,159,757	29,460,667	27,489,201
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	84,677,504	86,395,398	87,436,526	86,826,231	85,276,348	83,406,086
	Corp. or Individ. & Wage Benefit Credit	44,879,077	45,789,561	46,341,359	50,359,214	49,460,282	48,375,530
	Sales and Use	39,798,427	40,605,837	41,095,167	36,467,017	35,816,066	35,030,556
	Gain or (Loss)	(15,760,381)	(10,722,283)	(5,625,680)	1,386,009	9,231,734	16,997,219
	Cumulative	(358,317,454)	(369,039,736)	(374,665,416)	(373,279,407)	(364,047,673)	(347,050,454)
	Sales Tax Refunds (TPP+Credits Used)	72,640,601	73,118,491	73,226,776	67,626,774	65,276,733	62,519,757
Fiscal Year		06/07	07/08	08/09	09/10	10/11	11/12
SUMMARY	Expansion: Sales and Use	85,453,728	74,445,300	78,148,899	76,668,810	73,619,762	76,069,049
	Corporate	9,082,328	9,019,472	8,220,013	8,482,596	8,278,399	8,095,781
	Individual	37,814,423	33,385,909	34,547,565	34,060,562	32,759,264	33,665,932
	Sales and Use Tax Refunds TPP	26,221,230	26,034,269	26,343,000	27,422,383	29,638,041	31,502,566
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	80,961,321	78,814,467	77,430,958	77,252,908	78,420,098	79,891,846
	Corp. or Individ. & Wage Benefit Credit	46,957,566	45,712,391	44,909,956	44,806,687	45,483,657	43,940,515
	Sales and Use	34,003,755	33,102,076	32,521,003	32,446,221	32,936,441	35,951,331
	Gain or (Loss)	25,167,928	12,001,944	17,142,520	14,536,677	6,599,286	6,436,350
	Cumulative	(321,882,526)	(309,880,581)	(292,738,061)	(278,201,384)	(271,602,098)	(265,165,748)
	Sales Tax Refunds (TPP+Credits Used)	60,224,984	59,136,346	58,864,002	59,868,604	62,574,482	67,453,896
Fiscal Year		12/13	13/14	14/15	15/16	16/17	17/18
SUMMARY	Expansion: Sales and Use	75,178,153	76,521,815	77,967,833	76,241,311	76,615,712	86,479,302
	Corporate	8,271,831	8,235,595	8,434,851	8,710,016	8,745,680	9,046,707
	Individual	33,379,994	33,902,964	34,561,074	33,980,531	34,144,557	38,210,403
	Sales and Use Tax Refunds TPP	32,360,845	33,085,366	32,621,100	30,978,608	32,833,510	39,026,037
	Sales Only Formula	0	0	0	0	0	0
	Credits and Wage Benefit Credit Used	81,606,775	83,906,314	85,607,670	87,377,375	92,577,963	99,897,844
	Corp. or Individ. & Wage Benefit Credit	44,883,726	46,148,473	49,652,448	50,678,877	53,695,219	57,940,749
	Sales and Use	36,723,049	37,757,841	35,955,221	36,698,497	38,882,744	41,957,094
	Gain or (Loss)	2,862,358	1,668,694	2,734,989	575,875	(5,905,524)	(5,187,469)
	Cumulative	(262,303,390)	(260,634,696)	(257,899,707)	(257,323,831)	(263,229,356)	(268,416,824)
	Sales Tax Refunds (TPP+Credits Used)	69,083,893	70,843,208	68,576,321	67,677,105	71,716,255	80,983,131

NOTE: Rounding differences may cause slight variations.